

to individual CLECs on a transaction basis for specified metrics, and from March through July 2001, BellSouth paid approximately \$15.6 million in Tier I payments. Tier II penalties, which are paid to the Georgia State Treasury, are aimed at chronic performance problems and are triggered by three consecutive misses in specified Tier II sub-metrics. From March through July 2001, BellSouth paid approximately \$14.3 million in Tier II penalties to the Georgia State Treasury.⁶¹

Under Tier III of the Commission's enforcement plan, if BellSouth fails to meet 12 of 26 specified metrics for three consecutive months, BellSouth will be required to cease marketing interLATA services until all 12 of the failed sub-metrics show favorable results for three consecutive months. Tier III is a non-monetary based consequence that offers a powerful incentive for BellSouth to meet its performance obligations, since it would result in BellSouth having to exit the very market BellSouth is seeking permission to enter. The penalty that applies under Tier III, in addition to the 44% of revenues that BellSouth has at risk under Tiers I and II, makes the enforcement plan in Georgia one of the most stringent in the country.

The second factor that the FCC has identified in evaluating an effective enforcement plan is whether the plan is based on clearly articulated, pre-determined measures that encompass a comprehensive range of carrier-to-carrier performance. See *Bell Atlantic-NY Order*, ¶ 438. The Commission's enforcement plan was adopted based

⁶¹ Both Tier I and Tier II payments by BellSouth include penalties paid under Measure P-13 (Average Disconnect Timeliness Interval). Penalties under this metric have amounted to approximately \$9.3 million, which represents approximately 31% of the total Tier I and Tier II penalties paid by BellSouth to date. On August 7, 2001, the Commission voted to suspend Measure P-13, including any future Tier I and Tier II payments under this measure and directed BellSouth to begin reporting performance and calculating penalty payments under four different measures relating to LNP disconnect timeliness. The Commission will resolve issues surrounding these measures in connection with its ongoing review of BellSouth's SQM.

upon input from BellSouth as well as affected CLECs and is tied to specified performance metrics set forth in BellSouth's SQM. Each performance metric in the SQM has clearly articulated business rules, lists the applicable exclusions, and states the applicable benchmark or retail analogue. Consistent with the approach in New York and other states, the Commission's enforcement plan focuses on "key competition-affecting metrics," since adverse performance in these areas would have the most significant impact on end-user customers. *Id.*

Third, according to the FCC, an effective enforcement plan must be reasonable and sanction poor performance. *See Bell Atlantic-NY Order*, ¶ 440. The enforcement plan adopted by the Commission is designed both to compensate individual CLECs for poor performance as well as to penalize BellSouth for industry-affecting performance issues. In addition, with Tier III, the Commission's enforcement plan contains added incentive for BellSouth to perform.

Fourth, according to the FCC, an effective enforcement plan must be self-effectuating and not leave the door open unreasonably to litigation and appeal. *See Bell Atlantic-NY Order*, ¶ 433. BellSouth pays penalties under the Commission's enforcement plan monthly when it fails to provide satisfactory performance, and such payments are triggered without any action by the Commission or the CLECs. Although the Commission's enforcement plan contains a provision by which BellSouth may petition the Commission to be relieved of payments under the plan due to factors beyond BellSouth's control, BellSouth has not sought relief under this provision in the seven months the enforcement plan has been in effect.

Finally, the FCC has indicated that there must be reasonable assurances that the reported data is accurate. *See Bell Atlantic-NY Order*, ¶ 433. The performance data used in the Commission's enforcement plan has been and continues to be the subject of regular scrutiny. As part of the third-party test in Georgia, KCI independently replicated many of BellSouth's performance reports from raw data submitted by BellSouth, and this replication effort is continuing under the Commission's direction. In addition, the Commission has initiated the first of its annual reviews of BellSouth's data and performance measures, as well as the enforcement plan itself, with a technical workshop scheduled for October 17-18, 2001. The Commission also has put in place audit procedures that allow CLECs to request an annual audit of BellSouth's aggregate performance reports. As the FCC has previously indicated, "These review and monitoring mechanisms provide reasonable assurance that the data will be reported in a consistent and reliable manner." *See Bell Atlantic-NY Order*, ¶ 442.

The Commission finds that the performance measurements and enforcement plan it has ordered complies fully with the requirements established by the FCC. The Commission believes that the performance measurements and enforcement plan will provide incentives sufficient to foster continued checklist compliance by BellSouth after it has obtained in-region, interLATA authority in Georgia. Given that the performance measurements and enforcement mechanisms have been in place in Georgia since March 2001, the Commission concludes that its plan is effective in practice.

V. CONCLUSION

The Georgia Public Service Commission has demonstrated an unwavering commitment to opening the local market in the State of Georgia. The Georgia

Commission's efforts to ensure an open local market in the State began more than six years ago and continue to this day. From pricing, to OSS, to performance measures and enforcement mechanisms, the Commission has examined every area critical to facilitating competitive entry in the local market. The Commission has been called upon and has not hesitated to make difficult decisions to ensure that local competition is a lasting reality in Georgia. The most recent example concerns the Commission's decision on October 2, 2001 to require that BellSouth make certain OSS enhancements to further facilitate competitive entry, many of which were specifically requested by MCI WorldCom to aid its ability to provide local exchange service to residential customers in the State.

By every measure, the Commission's efforts have been successful. The level of competitive activity in the local market in Georgia is impressive and is continuing to grow. Even local residential competition, while not as widespread as competition for business customers, is firmly in place in Georgia and will only continue to flourish.

The Georgia Commission believes that it is now time for the long distance market in Georgia to be opened to full competition. After monitoring the local market for more than six years and after considering an extensive record to evaluate BellSouth's compliance with the requirements of Section 271, the Commission has found that BellSouth has done what Section 271 requires – namely, BellSouth has irrevocably opened its local market in Georgia to competition. Accordingly, the Commission recommends that the FCC approve BellSouth's application for in-region, interLATA authority in Georgia so that residents of the State can enjoy the benefits of full competition.

Before the
FEDERAL COMMUNICATIONS COMMISSION

In the Matter of

Joint Application by BellSouth Telecommunications,	:	
Inc., et al., for Authorization to Provide	:	
In-Region, InterLATA Service in the states of	:	CC Docket No.01-277
Georgia and Louisiana pursuant to Section 271	:	
of the Telecommunications Act	:	

**APPENDIX TO THE
COMMENTS OF THE
GEORGIA PUBLIC SERVICE COMMISSION**

Lauren McDonald, Chairman
Stan Wise, Vice Chairman
Robert Baker, Commissioner
David Burgess, Commissioner
Bob Durden, Commissioner

Georgia Public Service Commission
244 Washington Street
Atlanta, GA 30334-5701

APPENDIX A

**Docket Number 5778-U, Local Service Indicators
(October 4, 2001)**



Georgia Public Service Commission

244 WASHINGTON STREET SW
ATLANTA GEORGIA 30334-5701
(404) 656-4501 OR 1 (800) 282-5813

SUMMARY OF 5778-U DATA REQUEST 2 **June 30, 2001 REPORT**

The Commission established and implemented Docket Nos. 5777-U and 5778-U as directed by the Georgia Telecommunications and Competition Development Act of 1995 (SB 137). Docket No. 5777-U establishes interim filing requirements for companies seeking to elect alternative regulation. Docket No. 5778-U establishes interim rules and requirements, pending development of permanent rules, for applicants filing for Certificates of Authority to provide competing local telephone service. The Commission issued a Supplemental Order in Docket No. 5778-U on October 1, 1996, adopting supplemental provisions applicable to both new and existing interim certificates of authority for local exchange service. In an effort to further facilitate the entry into the local market by competing local providers, the Commission is undertaking to gather specific information about the market as required by the Georgia Act and the federal Telecommunications Act of 1996.

Please find attached a copy of the monthly GPSC Data Request issued to all certified CLECs.

For the month of June 55% (119 of 217) of certified CLECs responded to the Data Request.

Summary of responses to the questions asked in the Data Request:

1. The total number of customers receiving CLEC service in Georgia: 253,302
2. The total number of access lines used in provisioning CLEC service in Georgia: 726,094
3. Of the 119 companies reporting, 47 or 39% provide Residential service.
 - a. Number of companies providing residential service over their Own Facilities: 5
 - b. Number of companies providing residential service by combination of Own Facilities and leasing BellSouth UNEs: 8 companies reporting: 35,170 customers
 - c. Number of residential customers served exclusively by Resale: 37 companies reporting: 92,795 customers

- d. Number of residential customers served by any combination of resale with facilities-based services: 0 companies reporting: 0 customers
 - e. Total number of residential customers served: 199,266 (79%)
 - f. Total number of residential lines provided: 227,602 (31%)
 - g. Number of residential customers provided with pre-paid services: 48,895 (19%)
4. Of the 119 companies reporting, 55 or 46% provide Business service.
- a. Number of companies providing business service over their Own Facilities: 20
 - b. Number of companies providing business service by combination of Own Facilities and leasing BellSouth UNEs: 21 companies reporting: 23,856 customers
 - c. Number of business customers served exclusively by Resale: 30 companies reporting: 14,833 customers
 - d. Number of business customers served by any combination of resale with facilities-based services: 3 companies: 692 customers
 - e. Total number of business customers served: 53,294 (21%)
 - f. Total number of business lines provided: 490,984 (68%)
 - g. Number of business customers provided with pre-paid services: 27
5. UNEs purchased from BellSouth: 25 companies: 45 UNEs
Number of units purchased: 24 companies: 153,274 units
6. Unbundled Network Elements-Platform: 10 companies: 64,374 units
xDSL: 1 company: 97 units
Enhanced Extended Loop(EEL): 4 companies: 138 units
7. The number of Retail services being resold: 35 companies: 736 services

/dt



Georgia Public Service Commission

244 WASHINGTON STREET SW
ATLANTA GEORGIA 30334-5701
(404) 656-4501 OR 1 (800) 282-5813

Docket No. 5778-U

LOCAL SERVICE INDICATORS DATA REQUESTS

TO ALL LOCAL EXCHANGE PROVIDERS CERTIFICATED IN GEORGIA:

Provide responses to the following data requests using information that is current as of the end of each calendar month. These data requests are pursuant to the Commission's jurisdiction under the Georgia Telecommunications and Competition Development Act of 1995, O.C.G.A. § 46-5-161 *et seq.*, and the Telecommunications Act of 1996, including 47 U.S.C. §§ 251, 252, 253, and 271, to collect information on the provision of competitive local exchange services in Georgia. Your responses must be submitted over affidavit, and marked and filed with the Commission in Docket No. 5778-U on the tenth day of the month following the month covered by the report.

1. State the number of customers to whom you provide local exchange service in Georgia.
2. State the number of access lines included in your provision of local exchange service in Georgia.
3. Are you providing local exchange service to residential customers in Georgia? If so, state the number of customers you are serving through:
 1. Exclusively your own facilities?
 2. Any combination of your own facilities and the leasing of BellSouth Telecommunications, Inc.'s (ABellSouth's) facilities (unbundled network elements)?
 3. Exclusively the resale of BellSouth's retail services?
 4. Any combination of resale with facilities-based services?
 5. Total number of residential customers served:
 6. Total number of residential lines provided:
 7. Number of residential customers provided with pre-paid service (if applicable):

Docket No. 5778-U

Page 1 of 3

4. Are you providing local exchange service to business customers in Georgia? If so, state the number of customers you are serving through:
 1. Exclusively your own facilities?
 2. Any combination of your own facilities and the leasing of BellSouth Telecommunications, Inc.'s (BellSouth's) facilities (unbundled network elements)?
 3. Exclusively the resale of BellSouth's retail services?
 4. Any combination of resale with facilities-based services?
 5. Total number of business customers served:
 6. Total number of business lines provided:
 7. Number of business customers provided with pre-paid service (if applicable):
5. List the unbundled network elements you are purchasing from BellSouth and for each one, state the number of units (for example, 1000 units of 2-wire digital loops, 2000 units of RCF interim number portability, etc.)
6. List the unbundled network elements you are purchasing from BellSouth and for each one, state the number of units:
 1. Unbundled Network Elements-Platform:
 2. xDSL:
 3. Enhanced Extended Loop (EEL):
7. List the BellSouth retail services you are reselling and for each one, state the number of units (for example, 1500 units of R1, 3000 units of specific vertical features, etc.).

STATE OF _____)
)
COUNTY OF _____)

AFFIDAVIT

I hereby certify that I have reviewed the above (or attached) responses of (Name of Competitive Local Exchange Company) to the foregoing data requests, and that the information contained in these responses is complete, true, and correct. I further affirm that I have the responsibility and authority to make this certification on behalf of (Name of Competitive Local Exchange Company) .

Signature

Name (printed or typed)

Title

Business Address

Telephone Number

Fax Number

Internet email address

Following is a list of companies that have responded to the staff Data Request on 5778-U for the Report ending June 30, 2001.

1. 1-800-RECONEX, Inc.
2. Access Integrated Networks, Inc.
3. Access Point, Inc.
4. Accucomm Networks, Inc.
5. ACSI Local Switched Services, Inc. dba e*spire Communications
6. Adelphia Business Solutions of Georgia, L.L.C.
7. Al-Call, Inc.
8. ALEC dba NuFone
9. Allegiance Telecom of Georgia, Inc.
10. Allpage, Inc.
11. ALL-TEL Communications, Inc.
12. AM-TEL, Inc. dba Phone Center Communications
13. American Communications, Inc.
14. AmeriMex Communications Corp.
15. AT&T Broadband Phone of Georgia, LLC
16. AT&T Communications of the Southern States, Inc.
17. BellSouth BSE, Inc.
18. Birch Telecom of the South, Inc.
19. BroadRiver Communications Corporation
20. Business Telecom, Inc.
21. Caronet, Inc.
22. Cbeyond Communications, LLC
23. Choctaw Communications, LLC dba Smoke Signal Communications
24. City of Calhoun
25. City of Carrollton
26. City of Elberton
27. City of Fairburn
28. City of Forsyth
29. City of Griffin
30. City of LaGrange
31. City of Newnan and the Newnan Water, Sewage and Light
32. City of Sandersville
33. City of Thomasville
34. Communication Services Integrated, Inc.
35. ComSouth Telenet, Inc.
36. Convergent Communications Services, Inc.
37. Cox Georgia Telecom, LLC
38. CTC Exchange Services, Inc.
39. Dalton Utilities
40. Darien Communications
41. Dawson Consulting, Inc.
42. Dialtone & More
43. DIECA Communications, Inc. dba Covad Communications Co.
44. dPi- Teleconnect, Inc.
45. DV2, Inc.
46. E-Z Access USA, Inc.
47. Eagle Communications, Inc.
48. Edge Connections, Inc.
49. ETC Communications, L.L.C.
50. EZ Communications, Inc.
51. EZ Talk Communications, L.L.C.
52. FairPoint Communications of Georgia

53. Focal Communications Corporation of Georgia
54. Georgia Comm South, Inc.
55. Georgia Telephone Service, Inc.
56. Global Connection Inc. of America
57. Global Crossing Local Services, Inc.
58. Global Crossing Telemanagement, Inc.
59. Global NAPs Georgia, Inc.
60. Globe Telecommunications, Inc.
61. Grande Communications Network, Inc.
62. HJN Telecom Group, Inc.
63. Home Phone Service, Inc.
64. ICG Telecom Group, Inc.
65. IG2, Inc.
66. Intermedia Communications, Inc.
67. International Design Group, Inc. dba USA Telecom
68. ITC^DeltaCom Communications, Inc. dba ITC^DeltaCom
69. KMC Telecom, Inc.
70. Knology Holdings, Inc. dba Knology of Columbus
71. LCI International Telecom Corp. dba Qwest Communication Services
72. LecStar Telecom, Inc.
73. Level 3 Communications, LLC
74. LightSource Telecom, Inc.
75. Lightyear Communications, Inc.
76. Line Drive Communications
77. Low Tech Designs, Inc.
78. Marietta FiberNet
79. Maxcess, Inc.
80. MCI WorldCom
81. Metromedia Fiber Network Services, Inc.
82. Mpower
83. NationsLink Communications, Inc.
84. Net2000 Communications Services, Inc.
85. Network Telephone Corporation
86. NewSouth Communications Corp.
87. NOS Communications, Inc.
88. NOW Communications, Inc.
89. NuStar Communications Corp.
90. NuStar Telephone Co. Inc.
91. OmniCall, Inc.
92. OnePoint Communications-GA, L.L.C.
93. Parker FiberNet, LLC
94. Phone Reconnect of America, Inc.
95. Plant Telecommunications Sales & Services, Inc.
96. Preferred Carrier Services, Inc.
97. Pyramid Communication Services
98. Quick Connect Telecommunications, Inc.
99. Rhythms Links, Inc.
100. SBC Telecom, Inc.
101. Southern Telecom, Inc.
102. Sprint Communications Company, L.P.
103. Talk.com Holding Corporation dba The Phone Company
104. Tel-America a Division of Jilapuhn, Inc.
105. Teleport Communications Atlanta, Inc.
106. Teligent Services, Inc.
107. The Other Phone Company, Inc. dba Access One Communications
108. Time Warner Telecom of Georgia, L.P.

- 109.TriVergent Communications, Inc.
- 110.US West Interprise America, Inc.
- 111.United States Telecommunications, Inc. dba Tel Com Plus
- 112.Universal Access, Inc.
- 113.US LEC of Georgia, L.L.C.
- 114.US Carrier Telecom, LLC
- 115.USLD Communications, Inc.
- 116.Verizon Select Services, Inc.
- 117.Winstar Wireless of Georgia, Inc.
- 118.XO Georgia, Inc.
- 119.Z-Tel Communications, Inc.

/dt

Following is a list of companies that have not responded to the staff Data Request on 5778-U for the Report ending June 30, 2001.

1. 2nd Century Communications, Inc.
2. ABC Connects
3. AccuTel of Texas, Inc. dba 1800-4-A-PHONE
4. Actel Integrated Communications, Inc.
5. Allied Riser of Georgia, Inc.
6. Alternative Phone, Inc.
7. American Fiber Networks, Inc.
8. American MetroComm/Georgia, Inc.
9. Ameritech Communications International, Inc.
10. Annox, Inc.
11. Appliance & TV Rentals, Inc. dba Fones-4-U
12. Atlanta Telephone & Communications
13. Avana Communications Corporation
14. BlueStar Networks, Inc.
15. BroadBand Office Communications, Inc.
16. Broadslate Networks of Georgia, Inc.
17. BroadStream Corporation
18. BroadStreet Communications Inc.
19. Budget Communications, LLC
20. Budget Phone, Inc.
21. Cable & Wireless, Inc.
22. CAT Communications International, Inc.
23. CI2, Inc.
24. City of Cartersville
25. City of Fort Valley and Fort Valley Utility Commission
26. Columbus Local Communications
27. Concert Communications Sales, LLC
28. Connect!
29. ConnectSouth Communications of Georgia, Inc.
30. CRG International, Inc. dba Network One
31. Dialogica Communications
32. DSLnet Communications, LLC
33. Ernest Communications, Inc.
34. Express Telecommunications, Inc.
35. Fiberworks, Inc.
36. First Advantage TeleComm, Inc.
37. Frontier Communications of America, Inc.
38. Georgia National Acceptance dba First Tel
39. Global Telelink Services, Inc.
40. GNet Telecom, Inc.
41. Golden Harbor of Georgia, Inc.
42. IDS Telecom, LLC
43. Image Access, Inc. dba New Phone
44. Intellicall Operator Services, Inc.
45. Intercept Communications Technologies, Inc.
46. IntraLEC, Inc.
47. JATO Operating Two Corporation
48. KMC Telecom III, Inc.
49. KMC Telecom V, Inc.
50. Looking Glass Networks, Inc.
51. Madison River Communications, LLC
52. Max-Tel Communications, Inc.
53. Micor Communications, Inc.

54. MVX.COM Communications, Inc.
55. Navigator Telecommunications, LLC
56. NetTEL, Inc.
57. Network Access Solutions Corporation
58. Network Multi-Family Security Corporation dba Priority Link
59. Network Plus, Inc.
60. New Edge Network, Inc.
61. North American Telephone Network, L.L.C.
62. Omniplex Communications Group, L.L.C.
63. OneTone Telecom, Inc.
64. OnFiber Carrier Services, Inc.
65. OnSite Access Local, LLC
66. PaeTec Communications, Inc.
67. Pathnet Operating, Inc.
68. Phone-Link, Inc.
69. PlanetLink Communications, Inc.
70. Prism Georgia Operations, LLC
71. Project Management Solutions, Inc. dba Talk Solutions
72. Push Button Paging & Communications, Inc.
73. Quintelco, Inc.
74. Rebound Enterprises, Inc. dba REI Communications
75. Reed Communications, Inc.
76. ReFlex Communications, Inc.
77. Rent-A-Line Telephone Company
78. Resort Hospitality Services, Ltd
79. Sebastian Enterprises, Inc.
80. ServiSense Telecom, Inc.
81. Southeastern Area Regional Communications, Inc.
82. Southern Telemanagement Group, Inc.
83. SouthNet Telecomm Services, Inc.
84. SPARDI, Inc.
85. Supra Telecommunications & Info. Systems, Inc.
86. SwiftTel Communications, Inc.
87. Tel-Link of Georgia, L.L.C.
88. TeleConex, Inc.
89. Telephone Company of Central Florida, Inc.
90. Telstar International, Inc.
91. TriComm, Inc.
92. TrustedNet, Inc.
93. Universal Telecom, Inc.
94. Urban Media of Georgia, Inc.
95. US South Communications, Inc.
96. WaKul, Inc.
97. Williams Local Network, Inc.
98. Yipes Transmission, Inc.

/dt

APPENDIX B

APPENDIX B

Docket Number 7061-U, Order Establishing Cost-Based Rates

COMMISSIONERS:

STAN WISE, CHAIRMAN
DAVID N. BAKER
ROBERT B. (BOBBY) BAKER
MAC BARBER
BOB DURDEN



DEBORAH K. FLANNAGAN
EXECUTIVE DIRECTOR
TERRI M. LYNDALL
EXECUTIVE SECRETARY

Georgia Public Service Commission

244 WASHINGTON STREET, S.W.
ATLANTA, GEORGIA 30334-5701
(404) 656-4501 OR 1 (800) 292-5677

RECEIVED

Docket No. 7061-U

DEC 16 1997

ORDER ESTABLISHING COST-BASED RATES

EXECUTIVE SECRETARY
GPSO

In re: Review of Cost Studies, Methodologies, and Cost-Based Rates for Interconnection and Unbundling of BellSouth Telecommunications Services

Record Submitted: September 19, 1997

Date Decided: October 21, 1997

APPEARANCES

On behalf of the Georgia Public Service Commission:

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Nancy G. Gibson, Counsel for Commission Adversary Staff
Stacey Ferris-Smith, Counsel for Commission Advisory Staff

On behalf of AirTouch Cellular:

Charles V. Gerkin

On behalf of American Communications Services, Inc.:

William E. Rice

On behalf of AT&T Communications of the Southern States, Inc.:

Jim Lamoureux & Ken McNeely
Tom Lemmer, Kevin Dwyer, & Jeff Miller
Laureen Seeger

On behalf of BellSouth Telecommunications, Inc.:

Fred McCallum, William J. Ellenber, Jr.
Doug Lackey, Bennett Ross, & Mike Twomey

Docket No. 7061-U

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On behalf of the Cable Television Association of Georgia:

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On behalf of the Consumers' Utility Counsel:

Jim Hurt, Kennard B. Woods, John Maclean, & Tammy Stanley

On behalf of Georgia Public Communications Ass'n. Inc. & AT&T Wireless PCS, Inc.:

Dean Fuchs

On behalf of the Georgia Telephone Association:

John Silk

On behalf of KMC Telecom, Inc.:

Charles A. Hudak

On behalf of Low Tech Designs, Inc.:

James M. Tennant, President

On behalf of MCI Telecommunications Corp.:

David Adelman, Mickey Henry, & Martha McMillin

On behalf of Media One:

L. Craig Dowdy

On behalf of MFS Communications Co.:

Richard M. Rindler

On behalf of MGC Communications, Inc.:

Peyton Hawes & Kim Dymecki

On behalf of Sprint Communications Co., L.P.:

William R. Atkinson

On behalf of the United States Department of the Army:

Sheryl Butler

On behalf of WorldCom, Inc.:

John M. Stuckey

BY THE COMMISSION:

The Georgia Public Service Commission ("Commission") opened this proceeding in order to review cost studies and methodologies and establish cost-based rates applicable to BellSouth Telecommunications, Inc.'s ("BellSouth") interconnection and unbundling including the unbundled network elements, nonrecurring charges, collocation, and access to poles, ducts, conduits and rights-of-way. The setting of these rates concludes a substantial leg of the journey toward full competition in the telecommunications marketplace in Georgia. The Commission's stated goals were to adopt a preferred methodology, approve a cost study or set of cost studies, and determine the resulting cost-based rates for interconnection with and the unbundling of BellSouth's telecommunications services, pursuant to the federal Telecommunications Act of 1996 ("1996 Act"), especially Sections 251 and 252, and the Georgia Telecommunications and Competition Development Act of 1995 ("Georgia Act"), O.C.G.A. § 46-5-160 *et seq.* The Commission's review herein will enable the Commission to meet its responsibilities under both Acts.

In summary, the Commission has adopted the use of BellSouth's cost studies with specific adjustments. These adjustments include a lower cost of capital, lower depreciation rates, slightly higher fill factors, a corrected loop sample, and moving certain shared costs from nonrecurring charges to recurring rates. The adjustments result in a 2-wire analog unbundled loop recurring (monthly) rate of \$16.51. The nonrecurring charge associated with the 2-wire analog loop is \$42.54.¹ The Commission does not adopt BellSouth's proposed Residual Recovery Requirement. The Commission also determines that all features associated with the switch should be included with the unbundled switch port element.

As to collocation, the Commission adopts charges for the space preparation portion of the amounts charged to CLECs that are specified at \$100 per square foot, with a minimum 100-square foot space that a CLEC may order. Additional space may be ordered in 50-square foot increments. All other rates contained in the BellSouth "Collocation Handbook" are adopted. However, the CLEC will be allowed to elect wire mesh cage construction as an alternative to gypsum (plywood), with no change in the cost.

The remaining findings, conclusions and adjustments are detailed in this Order. These include adopting the FCC formula for computing pole rental (currently at a rate of \$4.20); revising the pricing structure for OSS electronic interface cost recovery to remove per-order charges; remaining with geographically averaged rates at this time; and reaffirming the Commission's previous decision in the arbitration proceedings that recombination of the loop and port elements to replicate BellSouth retail services shall be priced and treated as resale under the federal Telecommunications Act of 1996 ("1996 Act").

¹ As discussed later in this Order, the Commission did not adopt a separate disconnection charge of \$11.00 that would have been payable if and when the CLEC asks for disconnection of the loop.

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I. INTRODUCTION

A. Introductory Summary

The Commission stated in its initial Procedural and Scheduling Order that the Commission sought to determine appropriate methodologies and cost studies, and the resulting cost-based rate

amounts, for certain items. Following is that list of items, including a summary of the Commission's determination as to each item. Further detail is contained in the following sections of this Order.

1) The minimum set of unbundled network elements required to be offered on a non-discriminatory basis.

The Commission adopts a forward-looking approach for unbundled network element ("UNE") prices that recognizes BellSouth's existing network configuration and recalculates the associated costs using forward-looking technology. Consistent with this approach, the Commission does not allow BellSouth's proposed Residual Recovery Requirement ("RRR") because the RRR would cause the essentially forward-looking prices to revert back to historical, embedded-cost prices that are conceptually the same as rate of return or rate-based prices. The Commission also adopts specific adjustments to certain assumptions that BellSouth utilized, including cost of capital, depreciation, fill factors, shared costs for direct labor rates, and the loop sample used for BellSouth's cost study.

For non-recurring charges, the Commission adopts an adjustment to remove BellSouth's assumed shared cost associated with direct labor rates. The Commission also adopts a rate design change to remove the disconnection charges from the non-recurring service order charges. Finally, as discussed below, the per-order charges should not include cost recovery for the development of electronic interfaces to operational support systems ("OSS"). The Commission adopts a rate design for OSS cost recovery that includes volume discounts which should promote the usage of BellSouth's newly developed electronic interfaces. The Commission will also direct BellSouth to file for the Commission's review further information about the OSS costs, once BellSouth has implemented the long-term electronic interfaces that were scheduled by December, 1997.

2) The provision of access to such unbundled network elements.

The Commission establishes herein the prices all BellSouth's unbundled network elements. As a part of this, the Commission determines that switch vertical features should not be priced as individual elements but incorporated within the unbundled switch port element. This can be viewed as an aspect of UNE rate design; the port element should be available at one price that includes all the switch features.

3) Compensation for transport and termination of local telecommunications traffic.

The Commission establishes the rates for compensation for transport and termination of local telecommunications traffic, as a function of the BellSouth cost study pursuant to the adjustments the Commission has adopted. As to the rate design for compensation for transport and termination of local traffic, the Commission affirms the pricing policy it established in the MCI-BellSouth arbitration (Docket No. 6865-U).

4) Physical and virtual collocation.

Collocation occurs when a CLEC shares space with BellSouth in order to provide its services. For physical collocation rates, the Commission provides for the development of specified rates including those for space preparation, rather than the unspecified "individual case basis" ("ICB") approach that BellSouth submitted. The CLEC shall also be able to elect wire mesh cage construction as an alternative to gypsum (plywood).

5) The treatment of joint and common costs, including common costs that cannot be attributed directly to individual elements (see FCC rule, 47 C.F.R. Section 51.505).

As mentioned above, the Commission adopts an adjustment to remove BellSouth's assumed shared cost associated with direct labor rates within the non-recurring charges. This cost is then added back in a manner that slightly increases the recurring charges.

6) Any deaveraging, such as geographic deaveraging, that parties may propose.

The Commission does not adopt any geographic deaveraging at this time of the rates in this proceeding. Deaveraging of the cost-based rates should instead be determined in connection with universal service and/or Universal Access Fund considerations.

7) Any other aspect(s) of interconnection with and unbundling of BellSouth's telecommunications services.

The Commission adopts pole rental rates that reflect the FCC's current formula, under the category of access to poles, ducts, conduits and rights-of-way.

For OSS cost recovery, the Commission adopts a rate design different than proposed by BellSouth that will be more conducive to competition. This includes removal of OSS charges within the per-order service (non-recurring) charge, in order to avoid "chilling" the placing of orders, and adopting a rate design with volume discounts.

B. Jurisdiction

The 1996 Act includes at Sections 251 and 252(d) certain pricing standards and other requirements relating to interconnection and access to unbundled elements. Section 251(c)(3) provides, with respect to access to unbundled network elements such as unbundled loops, that each incumbent local exchange carrier ("ILEC") has the duty:

to provide . . . nondiscriminatory access to network elements on an unbundled basis . . . on rates, terms, and conditions that are just,